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**ELPMI**  
EUROPEAN LINCOLN  
PRIVATE MARKET INDEX™

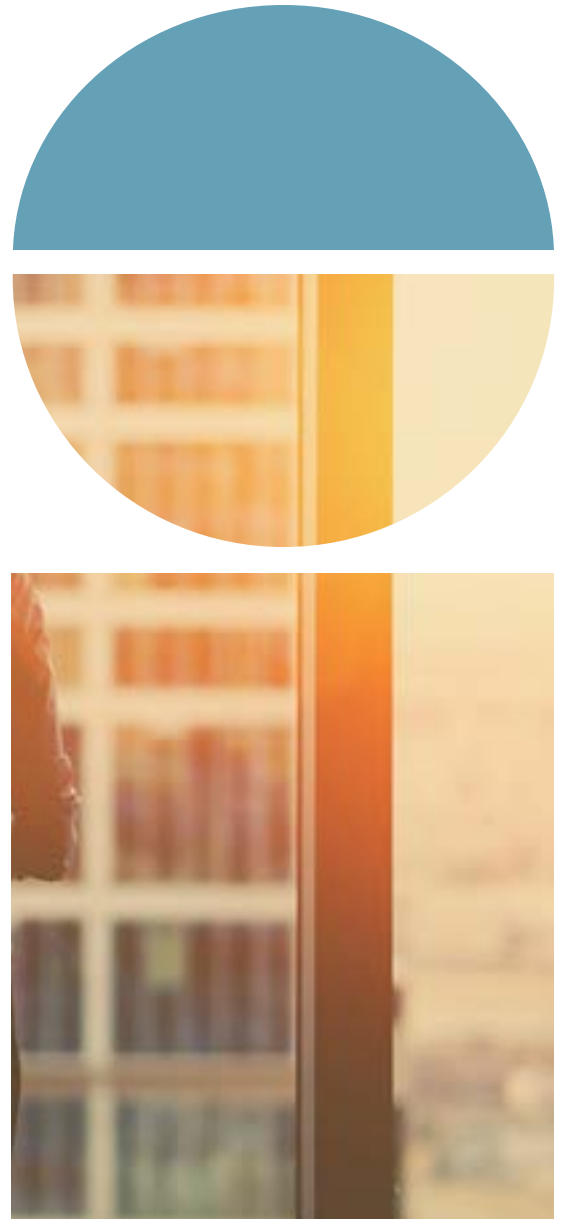
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## THE EUROPEAN LINCOLN PMI ACHIEVED SLOW-BUT-IMPROVED GROWTH IN Q2 2025 AS EARNINGS REMAINED THE KEY GROWTH DRIVER

The European Lincoln Private Market Index (PMI) is the only index which tracks changes in the enterprise values (EVs) of privately held European companies. Starting at a value of 10,000 as of December 31, 2020, the European Lincoln PMI grew to 15,080 in Q2 2025, representing an increase of +1.3% Quarter-over-Quarter. Better-than-expected earnings growth more than offset multiple contraction amidst continued market volatility. The index growth was higher compared to +0.5% achieved in Q1 2025 but still behind the average quarterly growth of +2.3% since inception.

### ABOUT THE EUROPEAN LINCOLN PMI

The European Lincoln PMI is a first-of-its-kind index measuring changes in the EVs of European private companies over time and a barometer of private company performance. The PMI enables private equity firms and other investors to benchmark how private company investments are performing against peers and how this performance compares to the STOXX 600 and FTSE 250 public indices.

To review the results of an independent study on the quality and breadth of Lincoln's private market database, [click here](#).

### INDEX OVERVIEW

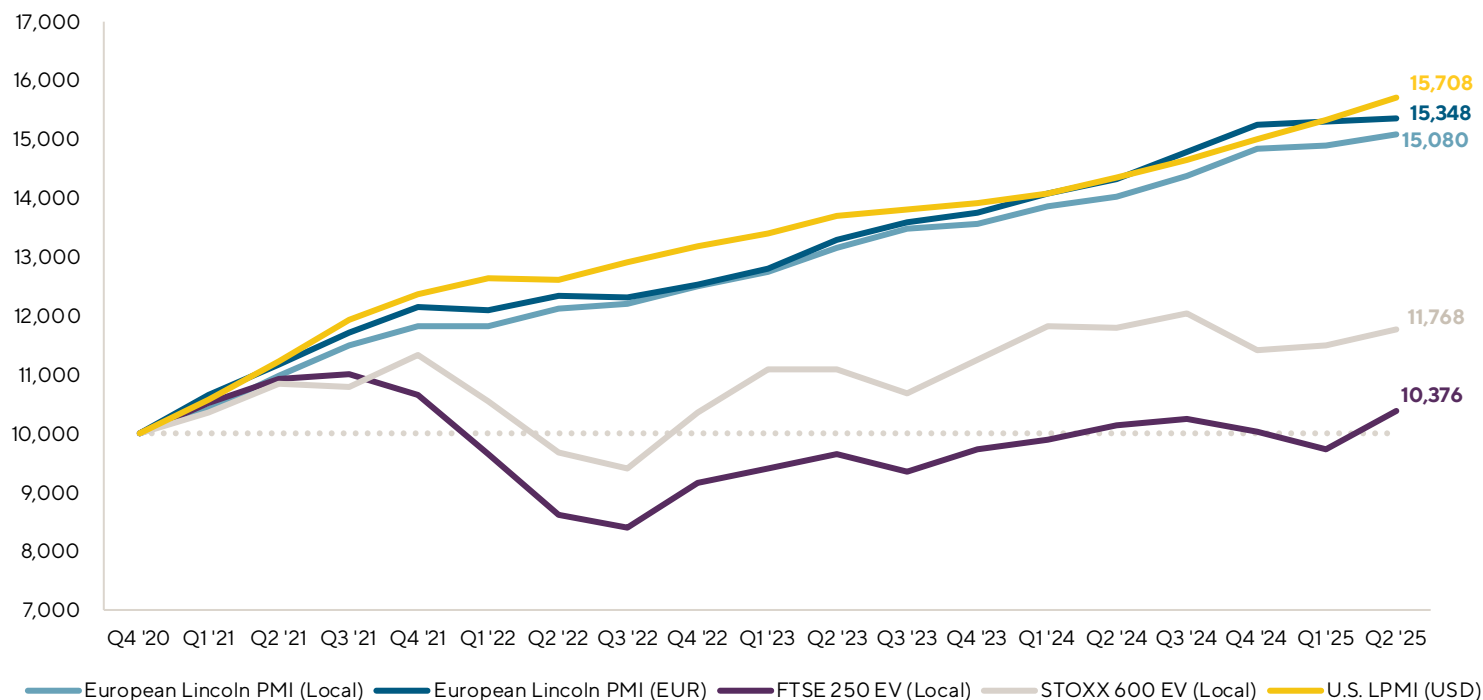
- Third Edition: Covers Q2 2025.
- Measures quarterly changes in the EVs of more than 250 European private companies with a median EBITDA of ~€30 million.
- Analyses the impact of earnings and multiples on the index's performance.
- Assesses the changes in value across five industries.

## RESULTS:

# Private company EV growth increased from Q1 but remained modest

**Q2**

2025



(NOTE: The Lincoln PMI, STOXX 600 and FTSE 250 EV returns above reflect enterprise values)

(Index EVs exclude financial institutions and real estate for which enterprise value is generally not meaningful; however, including such companies produces similar results)

Index	Q2 '25	LTM	CAGR since Inception
European Lincoln PMI (Local)	1.3%	7.5%	9.6%
European Lincoln PMI (EUR)	0.3%	7.2%	10.0%
FTSE 250 EV (Local)	6.5%	2.4%	0.8%
STOXX 600 EV (Local)	2.4%	-0.3%	3.7%
U.S. Lincoln PMI	2.5%	9.6%	10.6%

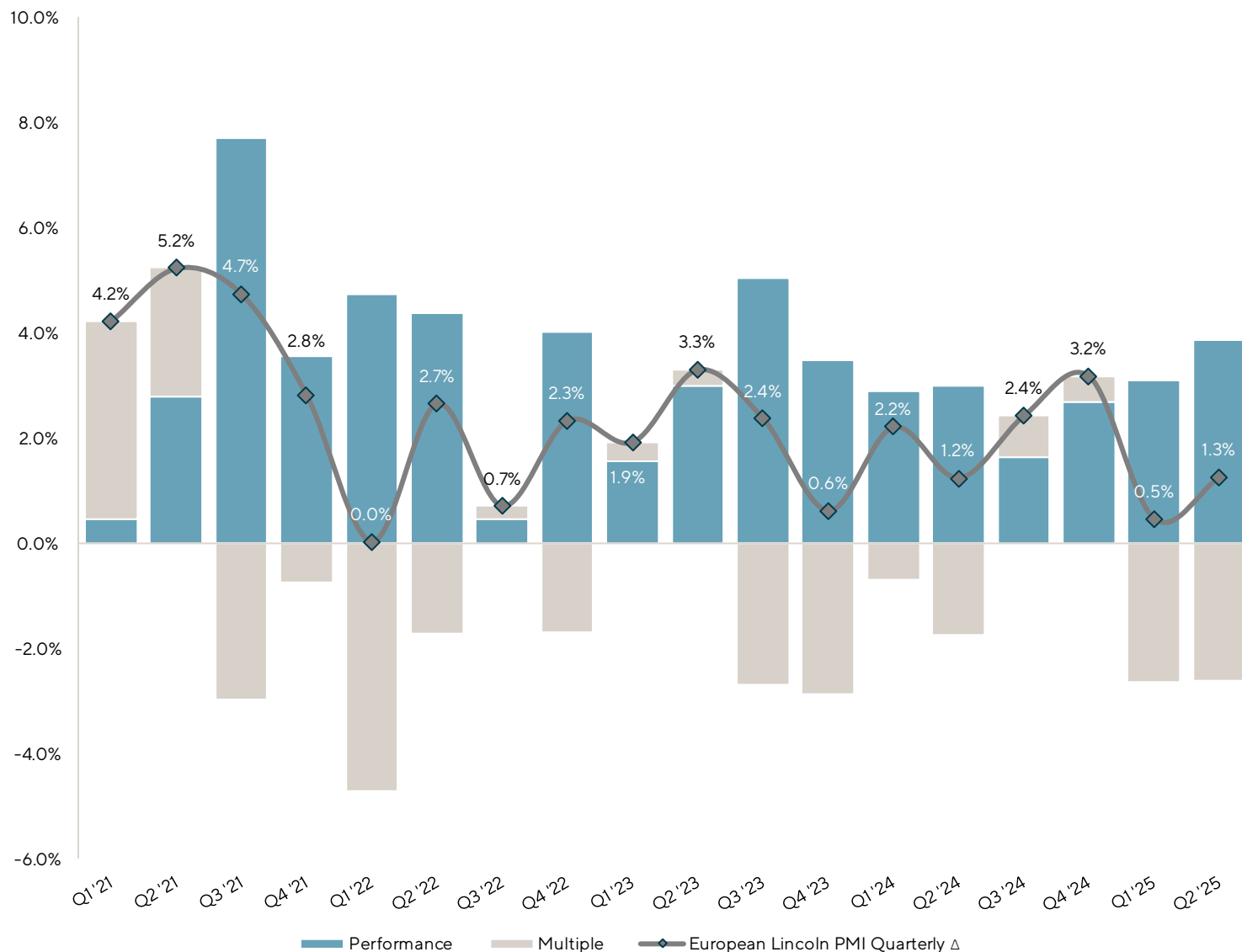
Over the last 12 months (LTM), EV growth within the European Lincoln PMI outperformed public markets, delivering growth of +7.5% compared with +2.4% for the FTSE 250 and -0.3% for the STOXX 600. This was achieved despite stronger public market EV growth in Q2 2025, given the steady rise in private company EVs over the past year. Meanwhile, public market EVs either declined or increased marginally on an LTM basis, reflecting lower volatility and higher overall growth in the private markets.



# SECTOR BREAKDOWN: Examining the LPMI—EBITDA multiples versus earnings

**Q2**

2025



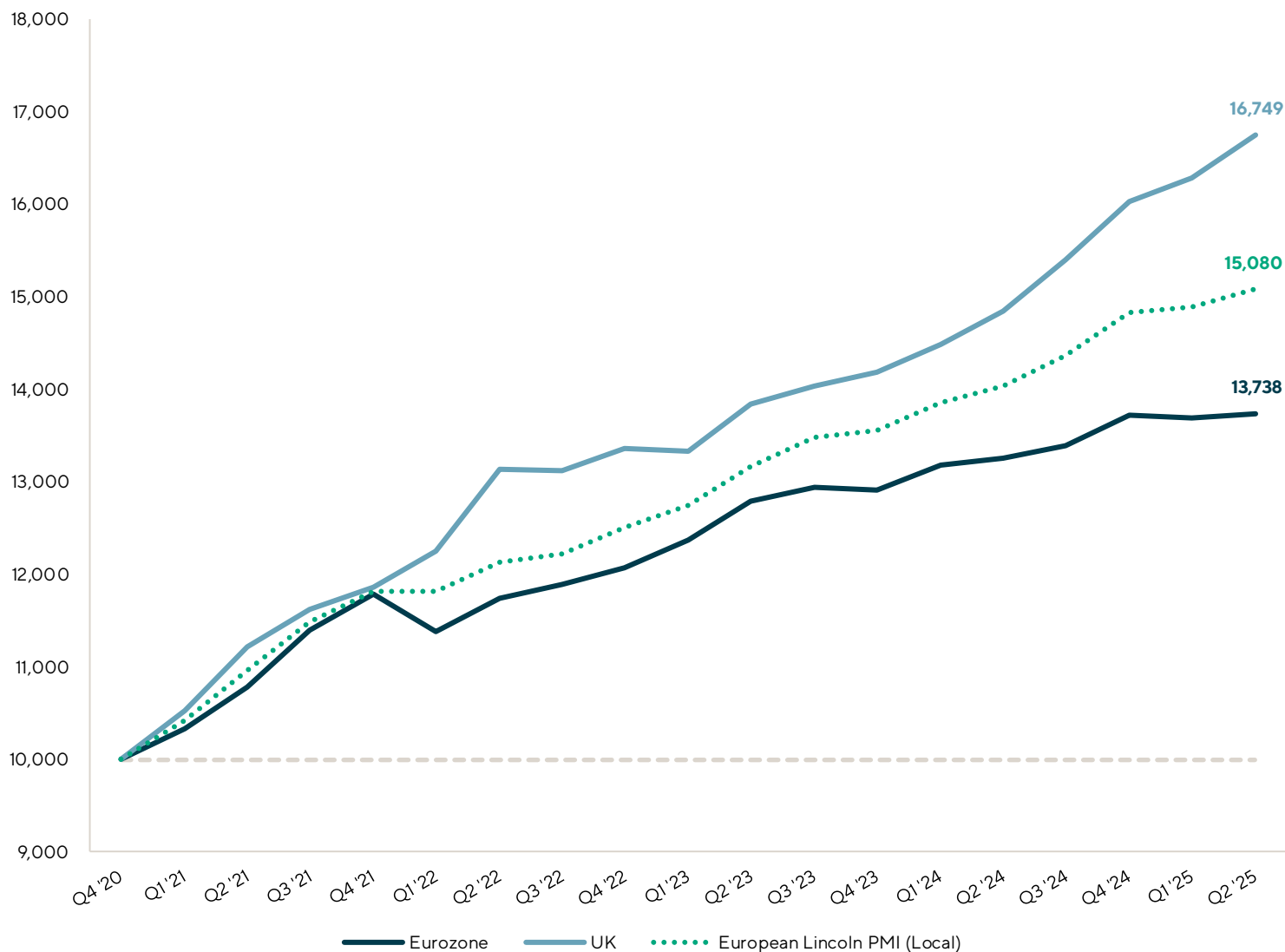
Since inception, the European Lincoln PMI has been primarily driven by EBITDA growth, a trend which continued Q2 2025 with earnings having a +3.9% impact. Earnings were driven by top-line growth, with 55.5% of constituents experiencing revenue growth compared to 49.7% experiencing EBITDA growth. Meanwhile, the magnitude of Year-over-Year (YoY) revenue growth across all companies was +7.6% compared to +6.7% EBITDA growth, having slowed from +8.8% and +9.8%, respectively, in Q1 2025. In contrast, the median multiple of the constituents declined for a second consecutive quarter, decreasing by -0.3x to 11.6x in Q2.

Nick Baldwin, Managing Director in Lincoln International's European Valuations and Opinions Group, remarked, "The steady growth in private company enterprise values underscores the stability of private market investments during uncertain times. Unlike public markets, which experienced larger swings based on volatile multiples, private markets remain firmly anchored to fundamental growth drivers."

## SECTOR BREAKDOWN: Comparing the UK and the Eurozone

**Q2**

2025



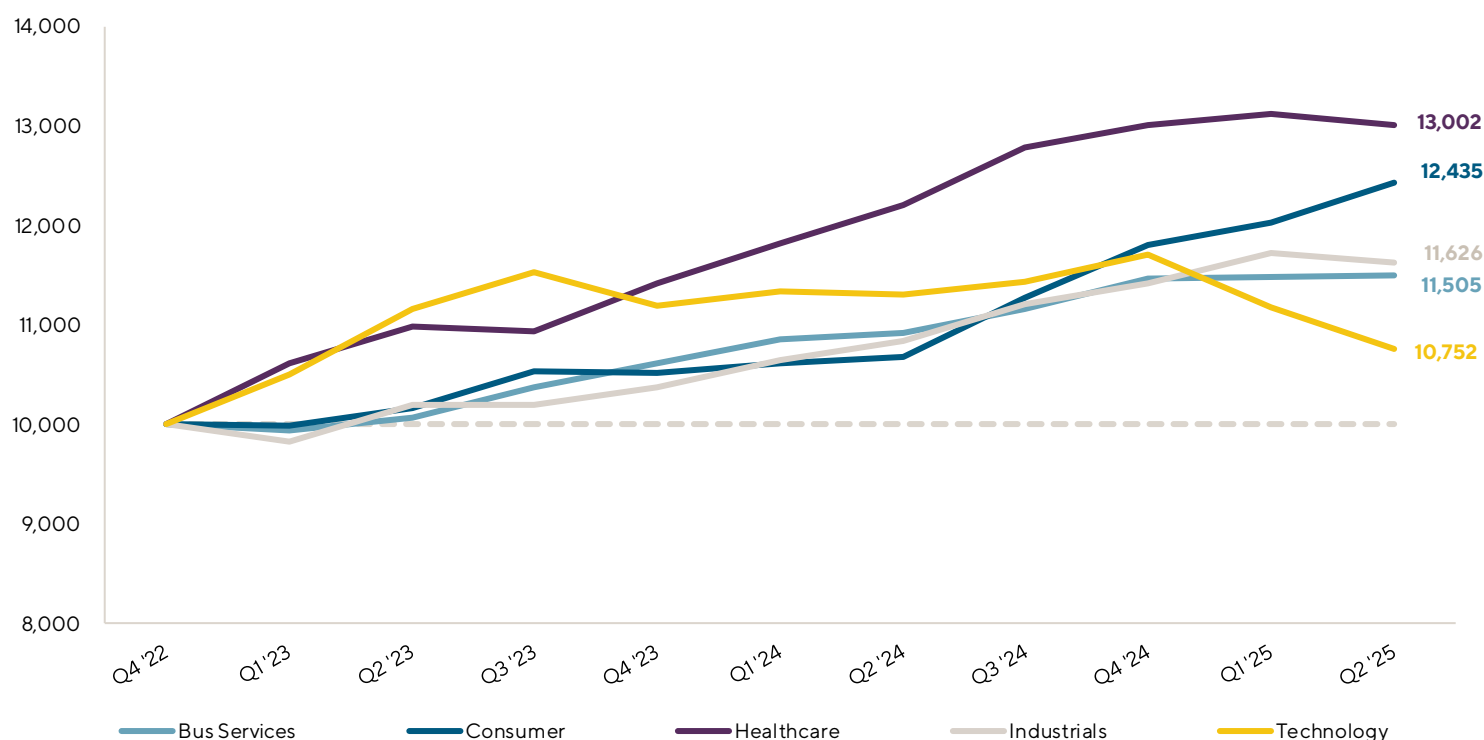
Geography	Q2 '25	YTD	LTM
European Lincoln PMI (Local)	1.3%	1.7%	7.5%
Eurozone	0.4%	0.2%	3.7%
UK	2.9%	4.4%	12.8%

UK companies in the European Lincoln PMI continued to achieve greater EV growth than their Eurozone counterparts, with index growth of +2.9% compared to just +0.4% for the Eurozone. The divergence largely reflected differences in industry composition, with UK sponsor-backed companies being more concentrated in higher-growth and higher-margin sectors relative to the Eurozone, such as business services (40% vs 26%) and less concentrated in tariff-affected sectors such as industrials (3% vs 15%).

# EXAMINING THE LPMI: European Lincoln PMI by sector

**Q2**

2025



Industry	Q2'25	YTD	LTM
Business Services	0.2%	0.3%	5.4%
Consumer	3.3%	5.4%	16.4%
Healthcare	-0.9%	0.0%	6.5%
Industrials	-0.8%	1.8%	7.2%
Technology	-3.7%	-8.2%	-4.9%
European Lincoln PMI (Local)	1.3%	1.7%	7.5%

Technology companies' EVs fell for a second consecutive quarter, decreasing -3.7%, driven by a median multiple contraction of -0.5x from Q1 2025, as European technology companies lagged the "Magnificent Seven," especially in AI development and deployment.

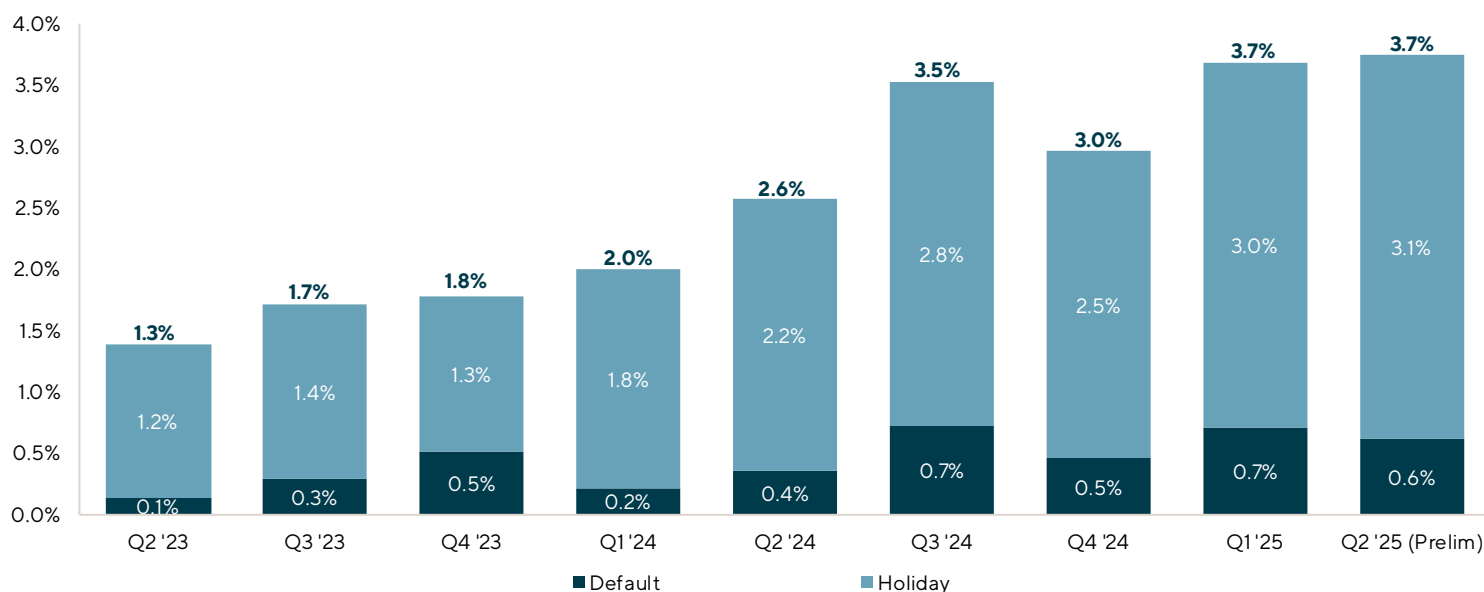
Additionally, industrial companies' EVs declined -0.8% in Q2 2025 in contrast to Q1 where industrials led growth at +2.6%. This downturn coincided with heightened tariff uncertainty as the formal EU-U.S. tariff was agreed three months after the initial "Liberation Day" announcement, establishing a general rate of 15% and a 50% rate specifically for steel and aluminum products. Indirect effects also impacted companies, such as inventory buildup in Q1 2025 as importers and companies attempted to increase stocks before the tariff announcements.

# EXAMINING THE LPMI:

## Cracks continued to widen for distressed companies

**Q2**

2025



The covenant default rate, which included waived covenants which would have otherwise been defaults, held at the all-time high of 3.7%, with lenders choosing to allow covenant holidays in 83.8% of cases. In addition, a post-Covid high of 15.9% of companies had some form of PIK interest in their capital structure as of Q2 2025, demonstrating the pressure on the distressed segment of the market.

### OTHER KEY INSIGHTS FROM LINCOLN

Private credit returns in Europe continued to outperform the broadly syndicated loan market (ELLI) in Q2 2025. The European Senior Debt Index (ESDI) delivered a +2.1% quarterly return, versus a +0.4% return for ELLI. The return was 70 bps lower than Q1 2025, given a decline in the weighted average price of all assets in the index from 99.2% to 98.9%. Since Q1 2025, spreads were relatively stable as competition remained high amid a need to deploy capital. The decline in fair value was driven largely by the widening of cracks related to underperforming companies.

Steven Kaplan, Neubauer Distinguished Service Professor of Entrepreneurship and Finance at the University of Chicago Booth School of Business, commented, "Although European sponsor-backed companies continue to grow due to strong fundamentals, the elevated rates of default seen for underperforming companies may indicate weakness in that side of the market as uncertainty persists."

### IN SUMMARY, WE BELIEVE THE LINCOLN PMI:

- Enables investors in private companies, including private equity firms, to benchmark their investments against their peers and European public indices on both enterprise value and equity value bases;
- Offers many unique valuation insights into the fair value of private companies for a wide array of stakeholders and investors; and
- Represents a significant enhancement to the information available to investors in private companies.



## METHODOLOGY:

# Data collection and academic advisors

### METHODOLOGY

The Lincoln PMI is calculated using anonymized data on an aggregated basis by Lincoln's Valuations & Opinions Group which has unique insights into the financial performance of thousands of portfolio investments across a variety of investment vehicles, including private equity and private debt funds.

All figures are quoted in and based on calculations in local currencies; however, Lincoln also prepares the index on a single-currency basis to account for FX impacts. Lincoln applied the same methodology to public indices to allow a like-for-like enterprise value comparison between the The Lincoln PMI, the FTSE 250 and the STOXX 600.

### PROFESSOR STEVEN KAPLAN

Professor Steven Kaplan is a Senior Advisor to Lincoln's Valuations & Opinions Group. He is the Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance and Kessenich E.P. Faculty Director at the Polsky Center for Entrepreneurship and Innovation at the University of Chicago Booth School of Business. Among other courses, Professor Kaplan teaches advanced Master of Business Administration and executive courses in entrepreneurial finance and private equity, corporate finance, corporate governance and wealth management. Professor Kaplan conducts research on a wide array of issues in private equity, venture capital, corporate governance, boards of directors, mergers and acquisitions and corporate finance. He has been a member of the Chicago Booth faculty since 1988.

Professor Kaplan serves on the board of Morningstar and several fund and company advisory boards. He is also a Research Associate at the National Bureau of Economic Research.

Professor Kaplan received a Bachelor of Arts, summa cum laude, in applied mathematics and economics from Harvard College and earned a Doctor of Philosophy in business economics from Harvard University.

### PROFESSOR MICHAEL MINNIS

Professor Michael Minnis is a Senior Advisor to Lincoln's Valuations & Opinions Group. He is the Deputy Dean for Faculty and Fuji Bank and Heller Professor of Accounting at the University of Chicago Booth School of Business, where he researches the role of accounting information in allocating investment efficiently by both managers and capital providers. His recent research focuses on understanding the role of privately held companies in the U.S. economy and how these firms use financial reporting to access, deploy and manage capital. He particularly enjoys identifying unique data and methods to empirically examine issues in a novel way.

In January 2018, Professor Minnis became a member of the Private Company Council, the primary advisory council to the Financial Accounting Standards Board (FASB) on private company issues. Professor Minnis holds a doctorate from the University of Michigan and his a Bachelor of Science from the University of Illinois, where he graduated with Highest Honors.

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Industrials

Technology

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